



PRESIDENT TRUMP ANNOUNCES SECTION 232 INVESTIGATION ON AUTOMOBILES, SUVs, VANS, LIGHT TRUCKS, AND AUTOMOTIVE PARTS ("CHICKEN WAR II")

Late yesterday President Trump announced, and the U.S. Department of Commerce initiated, an investigation under Section 232 of the Trade Expansion Act of 1962 to potentially increase Customs duties on automobiles, SUVs, vans, light trucks, and automotive parts by up to 25% on "National Security" grounds. The Presidential and Commerce Statements may be found [here](#) and [here](#). This investigation is similar to the investigation initiated in January 2018 with respect to steel and aluminum. It is also the law used in the 1963 "Chicken War" controversy that increased Customs duties on pickup trucks to 25% "temporarily." This temporary 25% duty is still in effect.

It will normally take the U.S. Department of Commerce several months to complete an Investigation. Just like with steel and aluminum, there will be public hearings and a public comment period.

We have been directly engaged in the motor vehicle and motor vehicle parts industry in the United States since the 1970's and have structured a significant number of all motor vehicle Foreign-Trade zone manufacturing operations. Because of our long history in the motor vehicle and motor vehicle parts industry and our direct engagement in manufacturing plants, we are uniquely qualified to understand all of the nuances of what will be occurring in the next few months and to assist in providing advice and counsel.

Most importantly on behalf of a client in the steel industry, we secured the first approval and concurrence that merchandise manufactured and substantially transformed in a Foreign-Trade Zone would be considered U.S. origin and, therefore, exempt from Section 232 Additional Duties. We not only secured the text in the 3rd Amendment to the Presidential Proclamations on this subject, but also developed an entirely new Customs entry process for this activity agreed to by Customs Headquarters. As General Counsel of the NAFTAZ we have structured new proposed language on the interaction of Section 232 duties and FTZs for future Presidential Proclamations.

As this evolves there will be a necessity for detailed analysis, the development and submission of comments, the potential filing of exclusion requests, and other related actions.

We look forward to working with your organization on this subject if we may be of assistance. Please contact Marshall Miller, Sean Murray, or Brian Murphy with questions.